

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

Auditor: SUZANNE M. BUMP | JOHN B. LANGAN | JAMES M. MACHADO | DONALD R. MARQUIS | ROBERT B. MCCARTHY

MEMORANDUM

TO: Needham Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: November 18, 2014

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY15 (since the amount under the prior schedule was maintained in FY15) and is acceptable under Chapter 32.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

JEC/jrl

Enc.



Fully Funded by 2030 with three-year phase-in. Reflects investment gain on an actuarial basis in 2014
(assuming 2014 market return of 7.75%)

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Unfunded Actuarial Accrued Liability	(4) Total Plan Cost: (2) + (3)	(5) Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(6) Percent Increase in Total Cost
2015	\$1,695,299	3,926,101	\$5,621,400	59,945,809	
2016	1,754,634	4,395,178	6,149,812	58,220,993	9.40%
2017	1,816,046	4,811,606	6,627,652	57,997,316	7.77%
2018	1,879,608	5,263,013	7,142,621	57,307,603	7.77%
2019	1,945,394	5,499,745	7,445,139	56,078,046	4.24%
2020	2,013,483	5,747,234	7,760,717	54,498,119	4.24%
2021	2,083,955	6,005,860	8,089,815	52,529,079	4.24%
2022	2,156,893	6,276,123	8,433,016	50,128,769	4.24%
2023	2,232,384	6,558,549	8,790,933	47,251,226	4.24%
2024	2,310,517	6,853,684	9,164,201	43,846,360	4.25%
2025	2,391,385	7,162,100	9,553,485	39,859,609	4.25%
2026	2,475,083	7,484,394	9,959,477	35,231,566	4.25%
2027	2,561,711	7,821,192	10,382,903	29,897,578	4.25%
2028	2,651,371	8,173,145	10,824,516	23,787,306	4.25%
2029	2,744,169	8,540,937	11,285,106	16,824,258	4.26%
2030	2,840,215	8,925,279	11,765,494	8,925,279	4.26%
2031	2,939,623	-	2,939,623	-	-75.01%

Notes: Recommended contributions are assumed to be paid on July 1.

Normal cost and expenses are assumed to increase at 3.5% per year.

Amortization payments increase at 4.5% per year.

Assumes contribution of budgeted amount for fiscal year 2015.

Does not reflect deferred investment gains beyond fiscal 2017.

Projected normal cost does not reflect the future impact of pension reform for new hires.